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資本策略

CAPITAL STRATEGIC INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 497)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

Placing Agent



BOC INTERNATIONAL

PLACING AND SUBSCRIPTION

After trading hours on 27 August 2009, the Company, the Vendor and the Placing Agent entered into the Placing and Subscription Agreement.

Under the Placing and Subscription Agreement, the Vendor agreed to place, through the Placing Agent, 1,000,000,000 existing Shares to independent investors at the Placing Price of HK\$0.245 per Share.

The Placing of the Placing Shares by the Placing Agent is on a fully underwritten basis.

The Vendor has conditionally agreed to subscribe for up to 1,000,000,000 new Shares at the Subscription Price of HK\$0.245 per Share. The 1,000,000,000 Subscription Shares represent approximately 13.96% of the existing issued share capital of the Company and approximately 12.25% of the Company's issued share capital as enlarged by the issue of the Subscription Shares.

The Placing Shares will be placed by the Placing Agent to not less than six Placees who are or will be Independent Third Parties and shall not be parties acting in concert with the Vendor in relation to the Company for the purposes of the Takeovers Code.

As at the date of this announcement, the Vendor, together with parties acting in concert with it, holds 2,518,552,062 Shares, representing approximately 35.16% interest in the existing issued share capital of the Company. The shareholding of the Vendor, together with parties acting in concert with it, will be reduced to 1,518,552,062 Shares, representing approximately 21.20% of the existing issued share capital of the Company immediately upon completion of the Placing and prior to issue of the Subscription Shares, and will be increased to 2,518,552,062 Shares upon issue of the Subscription Shares, representing approximately 30.85% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Completion of the Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such permission and listing not subsequently being revoked prior to the date of issue of the Subscription Shares);
- (b) completion of the Placing; and
- (c) the Executive confirming that no waiver is required, or granting a waiver from the obligation of the Vendor to make a general offer under Rule 26 of the Takeovers Code.

PLACING AND SUBSCRIPTION

The Placing and Subscription Agreement dated 27 August 2009 contains the terms summarised below, amongst others.

PLACING OF EXISTING SHARES

Vendor

The Vendor is the controlling Shareholder of the Company. As at the date of this announcement, the Vendor, together with parties acting in concert with it, holds 2,518,552,062 Shares, representing approximately 35.16% interest in the existing issued share capital of the Company.

Placing agent

The Placing Agent is, and its ultimate beneficial shareholders are, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Independent Third Parties.

Number of Shares to be placed

Under the Placing and Subscription Agreement, the Vendor agreed to place, through the Placing Agent, 1,000,000,000 existing Shares to independent investors.

The Placing of the Placing Shares by the Placing Agent is on a fully underwritten basis.

The Placing Shares represent approximately 13.96% of the existing issued share capital of the Company and approximately 12.25% of the issued share capital as enlarged by the Subscription and the issue of the Subscription Shares.

Placing Price

The Placing Price is HK\$0.245 per Share and represents:

- (i) a discount of approximately 15.52% to the closing price of HK\$0.290 per Share as quoted on the Stock Exchange on 27 August 2009, the date of the Placing and Subscription Agreement; and
- (ii) a discount of approximately 6.49% to the average closing price of HK\$0.262 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 27 August 2009.

The Placing Price was determined after arm's length negotiations between the Vendor, the Company and the Placing Agent with reference to the prevailing market price of the Shares, and the Directors (including the independent non-executive Directors) consider the Placing Price to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

The costs and expenses of the Placing shall be borne by the Company.

Rights

The Placing Shares will be sold free of all liens, charges and encumbrances and third party rights, and together with all rights attaching to them as at the date of the Placing and Subscription Agreement, including the right to receive all dividends and distributions declared, made or paid on such Placing Shares or after the date of completion of the Placing.

Placing commission

The Placing Agent may retain a placing commission of an amount equivalent to 2.5% of the aggregate Placing Price of the Placing Shares, being the management and underwriting commission in connection with the Placing to which the Placing Agent is entitled.

The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent.

Independence of the Placing Agent and the Placees

The Placing Shares will be placed to not less than six Placees. All such Placees and their respective ultimate beneficial owners shall be independent of the Vendor and are or will be Independent Third Parties, and shall not be parties acting in concert with the Vendor in relation to the Company for the purposes of the Takeovers Code.

Termination Events

Notwithstanding anything contained in the Placing and Subscription Agreement, if at any time prior to 4:00 pm on the date on which the Placing is to be completed:

- (a) there shall develop, occur, exist or come into effect:
 - (i) any significant change (whether or not permanent) in local, national or international political, military, economic, financial, or market (including stock market) conditions; or
 - (ii) any change (whether or not permanent) in local, national or international financial, political, economic conditions, financial, banking, capital markets, currency exchange rates, credit default swap prices, secondary bond prices, exchange controls, or the occurrence of any such event or series of events outside of the Placing Agent's control; or
 - (iii) trading of any securities of the Company being suspended on the Stock Exchange (other than any suspension pending the clearance of the Announcement by the Stock Exchange or the SFC); or
 - (iv) a material disruption in securities settlement, payment or clearance services in Hong Kong; or
 - (v) any moratorium on commercial banking activities in Hong Kong; or

- (b) there is any breach of any of the representations, warranties and undertakings by the Vendor or the Company set out under the Placing and Subscription Agreement or any event occurring or any matter arising on or after the date of the Placing and Subscription Agreement and prior to the date on which the Placing is completed which, if it had occurred or arisen before the date of the Placing and Subscription Agreement, would have rendered any of such representations, warranties and undertaking untrue in any material respect; or
- (c) there is any such material adverse change in the general affairs, management, business, shareholders' equity or in the financial or trading position of the Group as a whole,

which in the reasonable opinion of the Placing Agent is or may be or is likely to be materially adverse to the success of the Placing, or makes it impracticable or inadvisable or inexpedient to proceed with the Placing, then, in any such case, the Placing Agent may terminate the Placing and Subscription Agreement without liability to the Vendor and the Company by giving notice in writing to the Vendor and the Company, which notice may be given at any time prior to 4:00 pm on the date on which the Placing is completed.

In the event that the Placing Agent terminates the Placing and Subscription Agreement, all obligations of each of the parties under the Placing and Subscription Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing and Subscription Agreement except: (i) in relation to obligations, agreements and liabilities arising prior to such termination (including liabilities arising prior to such termination under the representations, warranties and undertakings under the Placing and Subscription Agreement); (ii) that the Company and the Vendor shall remain liable for the payment of all reasonable costs and expenses referred to in the Placing and Subscription Agreement already incurred by the Placing Agent in consequence of such termination; and (iii) that the indemnity and the representations, warranties and undertakings in the Placing and Subscription Agreement and the governing law provisions shall remain in full force and effect.

As the Placing is subject to certain termination events, the Placing may or may not proceed to completion. Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

Completion of the Placing

The parties expect that the Placing will be completed on Tuesday, 1 September 2009.

SUBSCRIPTION OF NEW SHARES

Subscriber

The Vendor (as subscriber) is the controlling Shareholder of the Company. As at the date of this announcement, the Vendor, together with parties acting in concert with it, holds 2,518,552,062 Shares, representing approximately 35.16% interest in the existing issued share capital of the Company.

Issuer

The Company.

Subscription Shares

1,000,000,000 new Shares will be subscribed by the Vendor, representing approximately 13.96% of the existing issued share capital of the Company and approximately 12.25% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Subscription Price

The subscription price per new Share is equivalent to the Placing Price of HK\$0.245 per Share. The Subscription Shares have an aggregate nominal value of HK\$8,000,000 and a market value of HK\$290,000,000, based on the closing price of HK\$0.290, as quoted on the Stock Exchange on 27 August 2009, the date of the Placing and Subscription Agreement.

The net proceeds from the Subscription after deducting the placement fee and other costs and expenses incurred by the Vendor and the Placing Agent in relation to the Placing and Subscription is approximately HK\$238,200,000, which represents approximately HK\$0.2382 per Subscription Share.

The costs and expenses of the Subscription shall be borne by the Company.

The Directors (including the independent non-executive Directors) consider that the terms of Placing and the Subscription Agreement are fair and reasonable under the current market conditions and are in the interest of the Company and the Shareholders as a whole.

General mandate to issue the Subscription Shares

The issue of the Subscription Shares will not be subject to Shareholders' approval and the Subscription Shares will be issued under the general mandate granted by the Shareholders to the Directors pursuant to the resolution of the Shareholders passed in the general meeting held on 27 August 2009. Pursuant to such mandate, the Directors were granted authority to issue up to 1,432,763,414 Shares, representing 20% of the issued share capital of the Company as at 27 August 2009. The Company has not issued any Shares pursuant to such general mandate.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank pari passu in all respects among themselves and with the Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including as to the rights to dividends and other distributions declared, made or paid at any time after the date of allotment of the Subscription Shares.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Subscription Shares.

Conditions of the Subscription

Completion of the Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such permission and listing not subsequently being revoked prior to the date of issue of the Subscription Shares);
- (b) completion of the Placing; and
- (c) the Executive confirming that no waiver is required, or granting a waiver from the obligation of the Vendor to make a general offer under Rule 26 of the Takeovers Code.

An application will be made to the SFC for a waiver from the obligation of the Vendor to make a general offer under Rule 26 of the Takeovers Code, under Note 6 of the Notes on dispensations from Rule 26 of the Takeovers Code.

In the event that the conditions are not fulfilled on or before 10 September 2009 (or such later date as may be agreed between the parties) all rights, obligations and liabilities of the parties in relation to the Subscription shall cease and determine and none of the parties shall have any claim against any other in respect of the Subscription.

As the Subscription is subject to the fulfillment of a number of conditions, the Subscription may or may not proceed to completion. Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

Non-Disposal Undertaking

Under the Placing and Subscription Agreement, the Vendor and the Company have undertaken to the Placing Agent that (except pursuant to transactions contemplated in the Placing and Subscription Agreement) for a period of three months from the date of completion of the Placing, they will not and will procure that none of their nominees and companies controlled by it and trusts associated with them (whether individually or together and whether directly or indirectly) will (without the prior written agreement of the Placing Agent, such agreement not to be unreasonably withheld or delayed):

- (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by any of them (or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests); or
- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above,

whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, provided that the undertaking above does not apply to any of the following:

- (a) the issue of Shares to holders of convertible bonds issued by the Company which are outstanding as at the date of the Placing and Subscription Agreement upon the exercise of conversion rights under such convertible bonds;
- (b) the issue of Shares to holders of options granted by the Company under the Share Option Schemes upon the exercise of subscription rights under such options; or
- (c) the grant of options by the Company to grantees in accordance with the provisions of the Share Option Schemes.

Completion of the Subscription

Completion of the Subscription will take place as soon as practicable following the fulfillment of the above conditions or such other day as may be agreed by the Vendor and the Company. As the Subscription constitutes a connected transaction of the Company, if the Subscription is not completed within 14 days after the date of the Placing and Subscription Agreement i.e. on or before 10 September 2009, Shareholders' approval will be required for the Subscription and the relevant provisions of the Listing Rules in relation to connected transaction will apply, unless waived by the Stock Exchange. A further announcement will be made if this occurs.

EFFECT OF THE PLACING AND THE SUBSCRIPTION ON SHAREHOLDING

The shareholding structure of the Company (i) as at the date of this announcement (ii) immediately after completion of the Placing but before completion of the Subscription; and (iii) after the completion of the Placing and the Subscription will be as follows:

Shareholders	Current		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
The Vendor together with parties acting in concert with it	2,518,552,062	35.16	1,518,552,062	21.20	2,518,552,062	30.85
Placees (Note 2)	—	—	1,000,000,000	13.96	1,000,000,000	12.25
Other public Shareholders	4,645,265,012	64.84	4,645,265,012	64.84	4,645,265,012	56.90
Total	<u>7,163,817,074</u>	<u>100</u>	<u>7,163,817,074</u>	<u>100</u>	<u>8,163,817,074</u>	<u>100</u>

Note 1: The table assumes that:

- (i) no Shares other than the Subscription Shares are issued by the Company;
- (ii) no Shares will be purchased by the Vendor and its associates or the Company, in each case between the date of this announcement and completion of the Subscription, and
- (iii) all of the Placing Shares are placed, and the Vendor subscribes for 1,000,000,000 Subscription Shares.

Note 2: Some Placees may be existing Shareholders of the Company. Any existing holdings of Placees are included under "Other public Shareholders". The Company currently anticipates that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company after completion of the Placing.

INFORMATION ABOUT THE GROUP

The Company is an investment holding company and the Group is principally engaged in property investment and securities investment.

REASONS FOR AND BENEFITS OF THE PLACING AND SUBSCRIPTION

The Directors consider that the Placing and Subscription offers a good opportunity to raise further capital, to broaden the shareholder and capital base and to strengthen the financial position of the Group.

The estimated net proceeds from the Placing and Subscription amount to approximately HK\$238,200,000, which represents approximately HK\$0.2382 per Subscription Share. The Company intends to use the net proceeds of the Subscription for the general working capital of the Company including for potential property related investments.

The Board considers that the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Shareholders taken as a whole.

FUND RAISING ACTIVITIES IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

The Company has conducted the following fund raising activities in the twelve months immediately preceding the date of this announcement.

Date of Activity	Transaction	Net proceeds raised (approximately)	Completed	Intended use of proceeds	Actual use of proceeds
26 May 2009 (date of first announcement)	Rights issue of 2,223,253,574 Rights Shares of HK\$0.008 each at HK\$0.078 per rights share on the basis nine rights shares for every twenty shares held	HK\$170.9 million	Yes	Debt repayment and/or as general working capital	Repayment, of debts of approximately HK\$116 million. The balance of HK\$54.9 million was used as general working capital of the Company

DEFINITIONS

In this announcement, the following terms have the meanings set opposite then:—

“acting in concert”	the meaning ascribed to it in the Takeovers Code;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, a Sunday or a public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours;

“Company”	Capital Strategic Investment Limited, a company incorporated in Bermuda with limited liability, and the issued Shares of which are currently listed on the main board of the Stock Exchange;
“connected person”	the meaning ascribed to it in the Listing Rules;
“Director(s)”	(a) director(s) of the Company;
“Executive”	the meaning ascribed to it in the Takeovers Code;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Parties”	parties who are independent of the Company and connected persons of the Company;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Placees”	not less than six independent professional, institutional and/or individual, investors procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing and Subscription Agreement;
“Placing”	the offer by way of placing of the Placing Shares procured by the Placing Agent to the Placees on the terms and subject to the conditions of the Placing and Subscription Agreement;
“Placing Agent”	BOCI Asia Limited, a licensed person registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and the placing agent to the Vendor for the placing of the Placing Shares;
“Placing and Subscription Agreement”	the agreement dated 27 August 2009 and entered into between the Company, the Vendor and the Placing Agent in relation to the Placing and Subscription;
“Placing Price”	HK\$0.245 per Placing Share;
“Placing Share(s)”	1,000,000,000 existing Shares;
“SFC”	the Securities and Futures Commission;
“Share(s)”	ordinary share(s) of nominal value of HK\$0.008 each in the capital of the Company;
“Share Option Schemes”	the share option schemes of the Company adopted on 13 June 2001 and 26 August 2002;

“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of the Subscription Shares by the Vendor on the terms and subject to the conditions of the Placing and Subscription Agreement;
“Subscription Price”	the subscription price of HK\$0.245 per Share;
“Subscription Shares”	1,000,000,000 new Shares;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Vendor”	Earnest Equity Limited, a company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is held by Digisino Assets Limited (“Digisino”) as trustee of a discretionary trust founded by Mr. Chung Cho Yee, Mico (“Mr. Chung”) (the non-executive Director and Chairman of the Company), who together with his spouse and children are the current discretionary beneficiaries. The entire issued share capital of Digisino is held by Mr. Chung, and both Digisino and the Vendor are corporations wholly owned and controlled by Mr. Chung; and
“%”	per cent.

By order of the Board of
Capital Strategic Investment Limited
Kan Sze Man
Director and Company Secretary

Hong Kong, 27 August 2009

All Directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, Mr. Chung Cho Yee, Mico is the non-executive chairman, Mr. Hubert Chak, Mr. Kan Sze Man and Mr. Chow Hou Man are the executive directors, Dato’ Wong Sin Just, Dr. Lam Lee G. and Mr. Cheng Yuk Wo are the independent non-executive directors.